

Glossary of Frequently Used Terms

-A-

Account Number - the accounting designation for revenue and expenditure line items. The account number consists of a two-digit fund number, a two-digit department number, a three-digit activity number, a three-digit sub-activity number, a two-digit object source code, and a four-digit line item object cost code.

Accrual Accounting - a basis of accounting in which revenues and expenses are recorded at the time they are incurred, instead of when cash is actually received or disbursed.

Activity - a level of budgeting, which identifies a particular program or service within a department. Contained within an activity budget may be one or more sub-activity budgets.

Adopted Budget - the official expenditure plan adopted by the City Council for a fiscal year.

Ad Valorem Taxes - commonly known as property taxes. For most governments, it is the single greatest revenue source. Taxes are levied at the stated tax rate for both real and personal property according to the valuation.

Appropriated Fund Balance - revenue appropriated from existing fund balance to help fund expenditures in a given fiscal year.

Appropriation - an authorization by the governing board to make expenditures and incur obligations for specific purposes.

Assessed Valuation - the total value established for real property and used as the basis for levying property taxes.

-B-

Balanced Budget - the situation that exists when total anticipated revenues are equal to total planned expenditures. The State of North Carolina requires a balanced budget.

Benchmarking - the identification of best-in-class performers; the comparison of local performance outputs and results with those of top performers; the analysis of practices that account for any performance gaps; and the development and implementation of strategies to adjust the gap in one's favor.

Benefits - mandated employee benefits and other programs such as health insurance, which benefit the employee and their family.

Bond - a written promise to pay a specified sum of money at a specified date in the future together with periodic interest at a specific rate.

Bond Anticipation Note - short-term, interest-bearing notes issued by the City in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related.

Glossary, continued

Bond Referendum - an election in which voters pass or defeat a proposal by the City government to issue debt in the form of interest-bearing notes.

Budget - a comprehensive financial plan of operation for a specified period of time containing an estimate of proposed expenditures and the means of financing them. In the State of North Carolina it is mandated that a balanced budget be produced, i.e. revenue equals expense.

Budget Calendar - the schedule for completion of the various tasks involved in the preparation, submission, and adoption of the fiscal year annual operating budget for the City.

Budget Message - a formal letter of transmittal contained in the proposed budget document prepared by the City Manager and addressed to the governing board which contains the City Manager's views and recommendations on the City's operation for the coming fiscal year.

Budget Ordinance - the legal document approved by the governing board that establishes the spending authority for the City.

-C-

Capital Asset - facilities and equipment that are tangible assets having a significant value (\$500 or greater) and a useful life of one year or more.

Capital Improvement Program - a plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from long-term work programs. Capital expenditures of significant amounts of money involving major construction and acquisition are usually included in the capital improvement program (CIP).

Capital Outlay - budgeted expenditures of at least \$500 for tangible items with a useful life of at least one year.

Capital Project Fund - a fund used to account for expenditures for major construction and acquisition projects that are not accounted for in other funds and are anticipated to be completed in one year.

Capital Project Ordinance - authorizes a major capital expenditure and continues in effect for the life of the project. It is characteristic that the types of projects covered by a capital project ordinance span several years due to the scope of work being performed. The ordinance specifies the funding and line item expenditures for the project.

Capital Reserve Fund - a fund established for the purpose of receiving transfers of moneys from other funds (usually enterprise funds) in order to build fund balance for a specific future outlay of capital.

Cash Equivalents - highly liquid investments with maturities of three months or less when purchased to be cash or cash equivalents, or demand deposits.

Glossary, continued

Central Services Fund - a fund used to account for goods and services provided by one department to other departments on a cost reimbursement basis, such as print shop services or warehousing.

Community Development Block Grant Fund - used to account for revenues and expenses derived from the Community Development Block Grant Entitlements to the City.

Contingency - an appropriation by fund used at the City Council's discretion to provide budget for unanticipated expenditures.

Core City Plan - A plan for guiding the development, redevelopment and revitalization of neighborhoods as outlined in the Core City Plan developed in 2006 and adopted by the City Council on February 8, 2007. The public-private partnership Plan's purpose is designed to define and improve the physical, economic and social fabric of the downtown and surrounding neighborhood, institutional, commercial, and industrial areas. The City contributes funding to the plan annually. The name was changed from Core City to "The City Project" in 2011.

-D-

Debt Service - Moneys required for payment of principal and interest and other associated expenses on outstanding bond debt.

Deferred Revenues - Revenues submitted to the City before the eligibility requirements are recorded and reported.

Department - a major operating budget area of the City, which includes overall management for an activity or group of related activities with possibly one or more sub-activities.

-E-

Effectiveness Measures - the level of satisfaction of the services being delivered or the extent to which pre-determined goals and objectives have been reached. Effectiveness indicators more accurately measure the QUALITY of service output to know whether a program or service is accomplishing what was intended.

Efficiency Measures - the units of service produced (OUTPUT) per amount of resources expended (INPUT). Indicates how well a government is performing the things it is doing. This measure is a good indicator of how reasonable service costs are - the ratio of quantity of service provided to the cost, in dollars or labor.

ElectriCities - a not-for-profit government service organization representing cities, towns and universities that own electric distribution systems. Today, ElectriCities represents more than 90 members in North Carolina, South Carolina and Virginia.

Encumbrance - an obligation in the form of a purchase order or a contract, which is chargeable to an appropriation and for which a part of the appropriation is reserved. It becomes an expenditure when paid.

Glossary, continued

Enterprise Fund - a fund established to account for the operation of facilities and services that are entirely or predominantly financed through user charges. The City's enterprise funds are Water, Sewer, Electric, Mass Transit, Parking, Landfill Facilities, and Storm Water.

Equities - Assets less liabilities of a fund.

ERP – Enterprise Resource Planning - integrated financial and human resources solutions that help to streamline and improve public-sector business processes.

ERU – Equivalent Residential Units - a calculated methodology to determine the basis for determining the monthly storm water utility fee to be charged to the customer. The ERU per customer is determined by dividing the total of square footage of impervious surface area on the customer's property by the square footage of one ERU (2,588). The result is multiplied by the dollar amount established by City Council

Expenditure - the amount paid for goods delivered and services rendered.

-F-

Fiduciary Fund - a fund used to account for assets held by the City in a trustee or agent capacity for other agencies or organizations.

Fiscal Year - a twelve-month period of time to which the annual budget applies. The City of High Point's fiscal year is from July 1 thru June 30.

Fixed Asset - tangible property owned by the City having a monetary value of \$500 or greater and a useful life of one year or more.

Fringe Benefits - funds budgeted for the City's contribution for employee benefits including retirement, health insurance, social security, and life insurance.

Fund - an independent accounting entity with a self-balancing set of accounts.

Fund Balance - the excess of a fund's assets and revenues over its liabilities, reserves, and expenditures at the close of the fiscal year.

Full Accrual - a method used in Proprietary Funds for recording the expenditure of funds in which revenues are recorded when they are earned and expenses are recorded when a liability is incurred.

Full-Time Positions - authorized positions with the exception of law enforcement and fire employees budgeted at 2080 hours per year

-G-

GAAP - (Generally Accepted Accounting Principles) Accounting principles that are commonly used in preparing financial statements and generally accepted by the readers of those statements. The source of GAAP for state and local governments is the Governmental Accounting Standards Board.

Glossary, continued

General Capital Projects Fund - used to account for major capital expenditures (acquisition and construction) other than those financed by enterprise funds. These projects usually require one year or less for completion.

General Fund - used to account for the ordinary operations of the City, which are financed through taxes, other general revenues, and contributions, transfers, and reimbursements from other funds. Unless there is a legal accounting requirement, all activities are accounted for in the General Fund.

General Obligation Bonds - debt issued by the City that is backed by its taxing authority.

Goal - a broad statement of purpose or intent to achieve a desired state of affairs. A goal describes a desired effect on the community.

-I-

Infrastructure - the base or framework of a community that is necessary to support the orderly function of government and service delivery to communities. Examples include water and sewer (improvements to lines, treatment plants), streets, and stormwater project to name a few.

Input Measures - the amount of resources expended or consumed in the delivery of services.

Interest on Investments - revenue earned from investment of City funds with a third party.

Inter-fund Transfers - transfers of money between accounting funds as authorized by the City Council.

Intergovernmental Revenue - revenue received by the City from federal, state, and county agencies.

Intragovernmental Revenue - revenues generated by a City department for services provided to other City departments.

-L-

Lease-Purchase Agreement - a method of financing the purchase of a fixed asset, which allows the City to spread the cost over a specified period of time.

LED Lighting – (light-emitting diode) LEDs are more efficient, because LEDs produce more lumens per watt than other alternatives, and also because they can be tuned to the specific wavelengths. They can be used for traffic signals, light bulbs, lanterns, and streetlights to name a few.

LEED Certification – (Leadership in Energy and Environmental Design) provides independent, third-party verification that a building project is environmentally responsible, profitable and a healthy place to live. Green Building Rating System, developed by the U.S. Green Building Council (USGBC), provides a suite of standards for environmentally sustainable construction.

Glossary, continued

Licenses & Permits - revenue received by the City from individuals and corporations for the purpose of conducting business or performing certain activities.

Line Item - a unit of budgeted expense used to classify expenditures by item or category. A line item establishes the permissible level of expenditure for an item.

-M-

Miracle League - A non-profit organization in High Point called "The Miracle League of High Point" for the purposes of providing opportunities for children with disabilities to play Miracle League baseball on a specially designed field. The High Point field will be funded by private donations, with the land and grading for the site provided by the City of High Point.

Mission Statement - a clear statement of the purpose and goal(s) toward which a department directs their efforts. (The reason the department exists.)

Modified Accrual - a method for recording the receipt and expenditure of funds in which revenues are recorded when they become measurable and available and expenditures are recorded when the liability is incurred.

-N-

Non-Departmental - expenditures for purposes that are not related to a specific department.

-O-

Objective - a specific target for achievement, which represents an interim step, or progress toward a goal within a specified time span and which are measurable.

Operating Budget - the City's financial plan for its operation for the fiscal year that outlines the proposed expenditures and revenue estimates to finance the expenditures.

Operating Expenses - Funds allocated for the day-to-day operation of the City's services. These expenses exclude capital outlay.

Ordinance - a legislative enactment by the City Council. It has the full force of law within the City if it is not in conflict with any higher law.

Outcome Measures - the social, economic or cultural conditions that the program seeks to influence and the actual results/impacts produced by the program or service.

Output/Workload/Activity Measures - the quantity of services provided.

-P-

Part-Time Positions - authorized positions with various work schedules of 1,750 hours per year or less.

Glossary, continued

Pay As You Go Funding - a method in which annual revenue appropriations are used for funding capital projects as opposed to the issuance of long-term debt. General Fund Projects are usually funded by an appropriation from the General Fund consisting of primarily property tax revenues. Capital Projects in Proprietary Funds are funded by the respective revenues in these funds.

Performance Measure - the quantity or level of service provided. Indicator or criterion against which users can assess the successful achievement of a service or program.

Performance Measurement - the systematic method in which city departments develop and monitor objectives that assess the outcome and effectiveness of a delivered service or program. Provides government a way of determining whether it is providing a quality service at a reasonable price. Must not be seen as a “score-keeping system”, but as a decision-making tool.

Performance Objectives - the means used to accomplish a mission. Clear targets for specific action. More detailed than the mission statement; have shorter time frames; states quantity when possible; measurable over time and reasonably achievable.

Personal Property - includes tangible property not permanently affixed to real property. Examples include vehicles, boats, trailers, and equipment.

Personnel Services - salaries, wages, and fringe benefits.

Property Tax - an annual tax levied by the City Council on the value of real property to fund General Fund expenditures. The amount of revenue derived from the tax is calculated by taking the tax value of the real property, dividing it by 100, multiplying it times the tax rate, and then times the collection percent.

-R-

Real Property - land, buildings, and items permanently affixed to land or buildings.

Retained Earnings - an equity account reflecting the accumulated earnings of an enterprise fund or internal service fund.

Revaluation – defined as the re-appraisal or re-assessment of value. In the City of High Point budget document, “revaluations” describe the process county tax collectors use to update the values of taxable real property within the city limits as well as the county.

Revenue - income received by the City from various sources used to finance its operations.

Revenue Bonds - bonds whose principal and interest are payable exclusively from the earnings of an enterprise fund. Revenue bonds are payable from identified sources of revenue and do not permit the bondholders to compel taxation or legislative appropriation of funds not pledged for payment of debt service.

Revenue Neutral Property Tax Rate – defined by North Carolina General Statutes as the rate that is estimated to produce revenue for the next fiscal year to the revenue that would have been produced for the next fiscal year by the current property tax rate if no re-appraisal had occurred.

Glossary, continued

-S-

Special Appropriations - accounts used for outside agencies' funding, prior year workers' compensation and unemployment claims, and for expenditures not routinely appropriated in operating budgets.

Special Grants Fund - a fund established to account for revenues received from outside agencies or groups designated for expenditure on particular programs and projects. These programs and projects are usually non-recurring in nature and of short duration. Revenues received are from federal, state, and local sources.

Sub-Activity - a level of budgeting, which identifies a specific area of work necessary for performing a budgeted activity.

-T-

Tax Base - the total assessed valuation of real property within the city limits.

Tax Levy - the total amount of revenue to be raised from the property tax levied by the City Council in the annual budget ordinance.

Tax Rate - the amount of tax per \$100 of assessed valuation levied by the City Council.

TIP - Transportation Improvement Program for the N.C. State Department of Transportation.

Treasury Subsidies – Subsidies from the US Treasury will rebate a portion of the interest paid on taxable bonds as authorized by the American Recovery and Reinvestment Act of 2009 (ARRA).

-U-

User Charges - the payment of a fee for receipt of a service provided by the City.

-V-

Valuation - the tax value of real property as determined by the Guilford County tax assessors every eight years. The property valuation is multiplied by the tax rate per \$100 of valuation to arrive at the tax bill for a particular piece of taxable property.

- W –

Workforce Program - is a separate but supported strategic plan to implement recommended development strategies to assist the community's workforce as they compete for high-skilled jobs in the region. The idea to develop communication and training materials to support community education by a combination of government, business, education, and community leaders working together to assist community residents' short-term actions to improve workforce education, training, and preparedness.